

REPORT  
OF THE  
SPECIAL AUDITOR

UPON THE FINANCIAL CONDITION OF THE

**Rutland Railroad Company**

AND AN

EXTRACT FROM THE RECORDS OF THE COM-  
PANY CONCERNING THE ACTION OF THE  
DIRECTORS IN REPLY TO A LETTER  
ADDRESSED TO THEM BY  
GEORGE B. CHASE.

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November, 1879.

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RUTLAND:  
TUTTLE & CO., BOOK AND JOB PRINTERS,  
1879.

# RUTLAND RAILROAD COMPANY.

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## *To the Stockholders :*

At a meeting of the Board, held July 31, 1879, it was, on motion of Mr. Gill, voted, " That the Finance Committee be requested to appoint some person to act in connection with the Board of Auditors in an examination of the affairs of the Company." At a subsequent meeting of the Finance Committee, they authorized the employment of Horace B. Wilbur, Esq., and vested him with full power and authority to examine the books and accounts in connection with the Auditors, and report as early as convenient.

The examination contemplated having been completed, and the report submitted to the Board, it was by them approved, and entered upon the records, and the President was directed to procure the printing of the material portions thereof for distribution, that the stockholders may share with the Board the feeling of satisfaction at the exhibit, as shown by the report.

JOHN B. PAGE,

Rutland, Nov. 17th, 1879.

*President.*

# Report of Special Auditor.

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BOSTON, Nov 7, 1879.

*To the Finance Committee of the Rutland R R. Co. :*

GENTLEMEN:—I have made an examination of the books and accounts of your Company for the year ending July 1, 1879, for the purpose of testing their correctness and ascertaining its true financial condition, and respectfully report as follows :

I find the books and accounts systematically and correctly kept, and that the financial condition of the Company is correctly and fairly stated in the printed Report made by your President and approved by your Board of Directors under date of July 31, 1879, a copy of which is hereto annexed.

I have thoroughly tested the Bond accounts of the Company by careful count of the Bonds in the office, and the receipts from parties holding your Bonds as collateral, and find all the Bonds accounted for except \$1,900 First Mortgage Bonds. These have been missing since 1872.

In conducting the business the Treasurer reports monthly to the Finance Committee all his receipts and disbursements for their examination and approval.

The bills payable account on the books I have no doubt shows all the Company's notes out, as by vote of your Committee of September 5, 1878, all notes must have the written approval of two members of the Finance Committee.

The stock accounts are kept in the best known form; the President sees an old share cancelled for every new share he signs, and thus acts as a check on the Treasurer, whose work is well and neatly done. I have not had time to examine the stock transactions in detail. \*The stock accounts have not been audited for some time.

I have not examined all the detail of the accounts, as I did not deem it necessary, for Messrs. Kellogg and Williams have gone over the whole thoroughly except the stock. I annex a copy of their Report hereto, and refer you for more full information to the following statements enclosed, viz.:

No. 1. Balance Sheet.

No. 2. Statement of Bond Account.

No. 3. Statement of Assets and Liabilities and Annual Income and Payments.

No. 4. Report of Messrs. Kellogg and Williams, Auditors.

All which is respectfully submitted,

H. B. WILBUR, *Auditor.*

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\* The Stock accounts were thoroughly examined two years since by Messrs. Williams and Kellogg, and found to be correct.

## NO. 1.

BALANCE SHEET RUTLAND R. R. CO. AS SHOWN BY  
ITS LEDGER, JULY 1st, 1879.

## DEBIT.

Second Mortgage Bonds R. &amp; B. R.

R. Co. .... \$1,191,000 00

Coupons on ditto ..... 1,126,380 00

First Mortgage Bonds, R. &amp; B. R.

R. Co. .... 1,786,900 00

Coupons on ditto ..... 2,356,714 09

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\$6,460,994 09

NOTE.—These were received in exchange for Common and Preferred Stock. There are now out liable to come in against the Company, \$9,000 of the Second Mortgage Bonds, and \$13,100 of the First Mortgage Bonds.

Construction account ..... \$2,366,311 70

NOTE.—This account represents sundry payments properly chargeable to the cost of the road, the other items are for dividends, interest on bonds, taxes, &c., less the amount received from rents, &c.

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\$8,827,305.79

Real Estate ..... \$115,925 87

Trustees and Managers Vt. Cent. R.

R. Co. .... 31,500 00

(Securities) Bonds of the Harlem Ext.

Co. .... 6,700 00

Addison R. R. Stock... 332,800 00

8 per cent. Rutland Co. Equipt. Bonds, 12,000 00

7 " " " " " " 106,300 00

Cash ..... 295 36

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\$ 605,521 23

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\$9,432,827 02

## CREDIT.

|                                                  |                |                |
|--------------------------------------------------|----------------|----------------|
| Common Stock.....                                | \$2,480,600 00 |                |
| Preferred Stock.....                             | 4,000,000 00   |                |
|                                                  | <hr/>          | \$6,480,600 00 |
| Dividend scrip.....                              | \$ 63,299 49   |                |
| Equipment Bonds, (amount not<br>exchanged,)..... | 104,200 00     |                |
| 5 per cent. New Bonds, (amount<br>issued,)....   | 1,105,100 00   |                |
| First Mortgage Bonds, (amount<br>issued,).....   | 1,337,100 00   |                |
|                                                  | <hr/>          | \$2,609,699 49 |
| Coupons unpaid, due in cash.....                 | 11,304 50      |                |
| Bills payable. ...                               | 331,223 03     |                |
|                                                  | <hr/>          | \$ 342,527 53  |
|                                                  |                | <hr/>          |
|                                                  |                | \$9,432,827 02 |

## NO. 2.

STATEMENT OF BOND ACCOUNT RUTLAND RAIL-  
ROAD COMPANY, JULY 1, 1879.

|                                                                                |                |
|--------------------------------------------------------------------------------|----------------|
| First Mortgage 8 per cent. Bonds.                                              |                |
| Amount executed.....                                                           | \$1,500,000 00 |
| Amount issued.....                                                             | 1,337,100 00   |
|                                                                                | <hr/>          |
| Amount to be accounted for.....                                                | \$ 162,900 00  |
| There are in the Treasurer's office...                                         | \$ 8,000 00    |
| There are out as collateral.....                                               | 153,000 00     |
| Balance <i>not</i> accounted for, said to have<br>been missing since 1872..... | 1,900 00       |
|                                                                                | <hr/>          |
|                                                                                | \$162,900 00   |

\$1,203,000 of the above have been stamped down to 6 per cent.

### Equipment Bonds.

|                                            |               |
|--------------------------------------------|---------------|
| Amount executed, 7 per cent. interest..... | \$ 500,000 00 |
| “ “ 8 per cent. interest.....              | 500,000 00    |

All of which have been issued..... \$1,000,000 00

|                                                                                                                                     |               |
|-------------------------------------------------------------------------------------------------------------------------------------|---------------|
| There has been received back of these in exchange for<br>new 5 per cent. bonds, and they are in the office<br>of the Treasurer..... | \$ 895,800 00 |
|-------------------------------------------------------------------------------------------------------------------------------------|---------------|

The balance..... \$ 104,200 00  
are out in the market.

### New 5 per cent. Bonds.

|                                                                                                            |                |
|------------------------------------------------------------------------------------------------------------|----------------|
| Amount executed....                                                                                        | \$1,500,000 00 |
| Amount issued in exchange for Equipment<br>Bonds and interest, and for Dividend Scrip<br>and interest..... | 1,105,100 00   |

July 1, amount to be accounted for..... \$ 394,900 00

\*The Company bought in for cash..... \$ 118,300 00

\$ 513,200 00

There has been issued since July 1.. \$111,700 00

There are out as collateral.. 375,500 00

There are in the Treasurer's office... 26,000 00

\$ 513,200 00

\*These were the old 7s and 8s, Equipment Bonds.

## No. 3.

### STATEMENT OF ASSETS (AVAILABLE) AND LIABILITIES OF THE RUTLAND R. R. CO., JULY 1st, 1879.

#### ASSETS.

Real Estate, \$115,925.87, valued..... \$30,000 00

Vt. Cent. R. R. Trustees and Managers,

\*( \$31,500, ) .. 27,500 00

\* Less \$4,000, amount of rent due leased roads.

|                                       |                |
|---------------------------------------|----------------|
| 5 per cent. Bonds on hand, per Bond   |                |
| Statement, July 1st, viz. : \$394,900 |                |
| and \$118,300,.....                   | 513,200 00     |
| Addison R. Stock,.....                | 332,800 00     |
| First Mortgage Bonds,.....            | 162,900 00     |
|                                       | <hr/>          |
|                                       | \$1,066,400 00 |

## LIABILITIES.

|                                              |              |
|----------------------------------------------|--------------|
| Equipment Bonds not exchanged,.....          | \$104,200 00 |
| Dividend Scrip,.....                         | \$63,299 49  |
| Interest on do.,..                           | 21,099 83    |
|                                              | <hr/>        |
| Payable in New 5 p. ct. Bonds, if company is |              |
| liable on Scrip,.....                        | \$188,599 32 |
| Old Rutland & Burlington R. R. Co. Bonds and |              |
| Coupons, ..                                  | 39,913 87    |
| Unpaid Coupons due in Cash,.....             | 11,304 50    |
| Bills Payable,.....                          | 331,223 03   |
|                                              | <hr/>        |
|                                              | \$571,045 72 |
|                                              | <hr/>        |
| Balance of Assets,.....                      | \$495,354 28 |

Counting above 1st Mortgage and 5 per cent. Bonds  
at par, but should the discount be made on them,  
as stated in President's Report, this balance  
would be reduced to..... 332,814 28  
Which is about the amount of the Addison R. R. Stock.

## FUNDED DEBT.

After issuing the above \$162,000 Bonds, and having  
the whole stamped down to 6 per cent., and  
issuing the balance of the 5 per cent. Bonds, will  
be, viz. :—First Mortgage 6 p. ct. \$1,500,000 00  
New Bonds 5 p. ct.,.. 1,500,000 00

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\$3,000,000 00

The annual Interest payment will  
amount to..... 165,000 00  
While the annual income from Rents  
will be as shown by Statement of  
Rents net,..... 237,984 00  
And leave for Dividends on your Pre-  
ferred Stock,..... 72,984 00 annually.



# STATEMENT OF ANNUAL INCOME AND PAYMENTS RUTLAND R. R. CO.

## INCOME.

|                                                                     |              |              |
|---------------------------------------------------------------------|--------------|--------------|
| Rent from Vt. Cent. R. R. for Rutland & Addison<br>Railroads, ..... | \$258,000 00 |              |
| Rent of Vt. & Mass. Railroad, .....                                 | 48,000 00    |              |
| Total, .....                                                        |              | \$306,000 00 |

## PAYMENTS.

|                                                                                                                                                                                            |              |             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------------|
| Rent of Addison Railroad, ..                                                                                                                                                               | \$15,000 00  |             |
| Less 3 per ct. on \$332,800, ..                                                                                                                                                            | 9,934 00     |             |
|                                                                                                                                                                                            |              | \$ 5,016 00 |
| Rent of Vt. & Mass. Railroad, ... ..                                                                                                                                                       | 48,000 00    |             |
| 6 p. ct. on \$1,337,100.00 1st<br>Mortgage Bonds, .....                                                                                                                                    | \$80,226 00  |             |
| 5 p. cent. on \$1,175,100.00<br>New Bonds, .....                                                                                                                                           | 58,755 00    |             |
| 5 p. cent. on \$104,200.00<br>Equipment Bonds, .....                                                                                                                                       | 5,210 00     |             |
| 7 p. cent. on \$331,223.03<br>Bills Payable, .....                                                                                                                                         | 23,185 61    |             |
|                                                                                                                                                                                            |              | 167,376 61  |
| Estimated expense for Taxes and Organi-<br>zation, .....                                                                                                                                   | 15,000 00    |             |
|                                                                                                                                                                                            |              | 235,392 61  |
| Net Income, .....                                                                                                                                                                          |              | \$70,607 39 |
| Applicable to Dividends on Preferred Stock.                                                                                                                                                |              |             |
| When the balance of the above 1st Mortgage and New<br>5 per cent. Bonds are issued and the (Floating<br>Debt or) Bills Payable are paid off, the Interest<br>payments will amount to. .... | \$165,000 00 |             |
| instead of. ....                                                                                                                                                                           | 167,376 61   |             |
| this difference will increase the above net Income,                                                                                                                                        |              | 2,376 61    |
| and give .....                                                                                                                                                                             |              | \$72,984 00 |
| as the amount to apply to Dividends.                                                                                                                                                       |              |             |

## NO. 4.

# REPORT OF MESSRS. WILLIAMS & KELLOGG, AUDITORS RUTLAND R. R. CO.

## COPY OF THE TREASURER'S TRIAL BALANCE, JULY 1, 1879.

### LIABILITIES.

|                            |                |
|----------------------------|----------------|
| Stock,.....                | \$2,480,600 00 |
| “ Preferred,.....          | 4,000,000 00   |
| Dividend Scrip,.....       | 63,299 49      |
| Equipment Bonds, ....      | 104,200 00     |
| Five per cent. Bonds,..... | 1,105,100 00   |
| First Mortgage Bonds,..... | 1,337,100 00   |
| Coupons unpaid,.....       | 11,304 50      |
| Bills Payable.....         | 331,223 03     |
|                            | <hr/>          |
|                            | \$9,432,827 02 |

### RESOURCES.

|                                                                |                |
|----------------------------------------------------------------|----------------|
| 2d Mortgage Bonds,.....                                        | \$1,191,000 00 |
| Coupons 2d Mortgage Bonds,.....                                | 1,126,380 00   |
| 1st Mortgage Bonds,.....                                       | 1,786,900 00   |
| Coupons 1st Mortgage Bonds,.....                               | 2,356,714 09   |
| Real Estate,.....                                              | 115,925 87     |
| Trustees and Managers Vt. Cen. & Vt.<br>& Can. Railroads,..... | 31,500 00      |
| Securities.....                                                | 457,800 00     |
| Construction Account,.....                                     | 2,366,311 70   |
| Cash on hand,.....                                             | 295 36         |
|                                                                | <hr/>          |
|                                                                | \$9,432,827 02 |

We the undersigned Auditors have examined the books and accounts kept by the Treasurer of the Rutland Railroad Company, from June 30th, 1878, to July 1st, 1879, and the foregoing trial balance and statement of receipts and disbursements, as showing the condition of the Corporation July 1, 1879, have been verified by us and appear to be correct. We have also examined and cancelled the vouchers in the hands of the Treasurer.

J. H. WILLIAMS, }  
N. KELLOGG, } *Auditors.*

Rutland November 4th, 1879.

# RUTLAND RAILROAD COMPANY,

## Annual Report, 1879.

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### TO THE STOCKHOLDERS :

The financial condition of the Corporation, as appears from the books of the Treasurer, is as follows :

### BALANCE SHEET, JULY 1st, 1879.

#### CREDIT.

|                                          |                                           |
|------------------------------------------|-------------------------------------------|
| Capital Stock,.....                      | \$2,480,600 00                            |
| Preferred Capital Stock,.....            | 4,000,000 00                              |
| Mortgage Equipment Bonds,... ..          | \$1,000,000 00                            |
| "        "        "        on hand,      | 895,800 00                                |
|                                          | <hr style="width: 100%;"/> 104,200 00     |
| First Mortgage Bonds,.....               | \$1,500,000 00                            |
| "        "        "        on hand,..... | 162,900 00                                |
|                                          | <hr style="width: 100%;"/> 1,337,100 00   |
| Mortgage Bonds—5 per cent.,.....         | \$1,500,000 00                            |
| "        "        "        on hand,      | 394,500 00                                |
|                                          | <hr style="width: 100%;"/> 1,105,100 00   |
| Dividend Scrip outstanding,.....         | 63,299 49                                 |
| Coupons unpaid, .. .. .                  | 11,310 50                                 |
| Bills payable, .. .. .                   | 331,223 03                                |
|                                          | <hr style="width: 100%;"/> \$9,432,833 02 |

#### DEBIT.

|                                        |                                           |
|----------------------------------------|-------------------------------------------|
| Construction account,.....             | \$8,827,311 79                            |
| Real Estate,.....                      | 115,925 87                                |
| Addison R. R. Stock and Securities, .. | 457,800 00                                |
| Rent due and unpaid,.....              | 31,500 00                                 |
| Cash,.....                             | 295 36                                    |
|                                        | <hr style="width: 100%;"/> \$9,432,833 02 |

## RECEIPTS FOR THE YEAR ENDING JUNE 30, 1879.

|                                                    |                |
|----------------------------------------------------|----------------|
| Cash on hand, . . . . .                            | \$ 1,363 62    |
| Rent of Roads (11 months), . . . . .               | 286,000 00     |
| Rent of Real Estate, . . . . .                     | 728 45         |
| Interest on receivables, . . . . .                 | 9,084 00       |
| Discount on 7 per cent. Equipment Bonds, . . . . . | 28,000 00      |
| From sale of 5 per cent. Mortgage Bonds, . . . . . | 1,105,100 00   |
|                                                    | <hr/>          |
|                                                    | \$1,430,276 07 |

## DISBURSEMENTS.

|                                                     |                |
|-----------------------------------------------------|----------------|
| Coupons on First Mortgage Bonds and interest, . . . | \$ 93,593 00   |
| “ Equipment Bonds in part to August, 1880, . . .    | 92,097 09      |
| Dividend Scrip paid, . . . . .                      | 154,092 69     |
| Interest on Dividend Scrip, . . . . .               | 56,900 42      |
| Equipment Bonds, 7s and 8s, exchanged, . . . . .    | 895,800 00     |
| Rent of Leased Roads, . . . . .                     | 59,000 00      |
| Interest account, . . . . .                         | 29,438 16      |
| Salaries and Miscellaneous expenses, . . . . .      | 10,999 05      |
| Taxes, . . . . .                                    | 6,055 27       |
| Bills Payable, paid, . . . . .                      | 32,005 03      |
| Cash on hand, . . . . .                             | 295 36         |
|                                                     | <hr/>          |
|                                                     | \$1,430,276 07 |

The bills payable for the year would show an actual reduction of \$74,011.62 but for the purchase of \$70,000 of the Equipment Bonds.

The liabilities of the Company, exclusive of Mortgage Bonds, are :

|                                                      |              |
|------------------------------------------------------|--------------|
| Old Rut. & Bur. R. R. Bonds and interest, bal. . . . | \$ 39,918 87 |
| Bills payable, . . . . .                             | 331,223 03   |
| Equipment Bonds outstanding, . . . . .               | 104,200 00   |
| Dividend Scrip outstanding, . . . . .                | 63,299 49    |
| Estimated Interest on Dividend Scrip, . . . . .      | 21,099 83    |

Assets applicable to the foregoing Liabilities :

|                                        |              |
|----------------------------------------|--------------|
| First Mortgage Bonds, . . . . .        | \$162,900 00 |
| Mortgage Bonds, 5 per cent., . . . . . | 394,900 00   |
| Addison Railroad Stock, . . . . .      | 332,800 00   |

|                                                                                      |            |
|--------------------------------------------------------------------------------------|------------|
| Rent due and unpaid, . . . . .                                                       | 27,500 00  |
| 5 per cent. Bonds received in exchange for Equip-<br>ment Bonds purchased, . . . . . | 118,300 00 |
| Real Estate, Burlington, Rutland and Rockingham,<br>cash value, . . . . .            | 30,000 00  |

Reducing the above Assets to a cash basis will give the following results :

|                                                                                                                      |              |              |
|----------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| Total amount 5 per cent. Bonds, . . . . .                                                                            | \$513,200 00 |              |
| Required to retire Scrip, if company is<br>liable on Scrip, interest and Equip-<br>ment Bonds outstanding, . . . . . | 188,600 00   |              |
|                                                                                                                      | <hr/>        |              |
| Balance of Bonds, . . . . .                                                                                          |              | 324,600 00   |
| \$324,600 Bonds at 60 cents, . . . . .                                                                               | \$194,760 00 |              |
| \$162,900 1st Mort. Bonds on hand at 80c, . . . . .                                                                  | 130,320 00   |              |
| Rent, . . . . .                                                                                                      | 27,500 00    |              |
| Real Estate, cash value, . . . . .                                                                                   | 30,000 00    |              |
|                                                                                                                      | <hr/>        |              |
| Cash value of Assets, . . . . .                                                                                      |              | \$382,580 00 |

#### LIABILITIES.

|                                                         |              |
|---------------------------------------------------------|--------------|
| Old Mort. Bonds and interest R. & B. R. R. \$ 39,918 87 |              |
| Bills payable, . . . . .                                | 331,223 03   |
| Coupons on Bonds, unpaid, . . . . .                     | 11,310 50    |
|                                                         | <hr/>        |
|                                                         | \$382,452 40 |
| Leaving Addison Railroad Stock on hand, . . . . .       | \$332,800 00 |

In consequence of the great reduction of our rent under the modified contract of lease, as stockholders are aware, it became necessary for us to ask of the holders of our Equipment Bonds, maturing in 1880, to exchange their bonds for the new 5 per cent. Bonds running twenty years ; and also to ask our First Mortgage 8 per cent. Bondholders to reduce their interest to 6 per cent. I am happy to be able to report to you on this subject, that all of the Equipment Bonds of both classes have been converted into the 5 per cent, except \$104,200 ; and that \$1,203,000 of the 8 per cent. First Mortgage Bonds have been stamped to 6 per cent. It may be confidently expected that the holders of the remainder, both of the Equipment and the First Mortgage Bonds, will eventually come into this arrangement, thus effecting an annual saving in interest of \$55,000.

I cannot close this report without referring to our late friend and associate on the Board, the Hon. James S. Whitney, by whose sudden death, last autumn, this company sustained a most serious loss. His strong mind and earnest and faithful services were of great value to us in the emergencies of the last year, and his excellent qualities of head and heart endeared him to us all. The vacancy on the Board caused by his death it will be the duty of the stockholders to fill.

This Report having been laid before the Board of Directors is with their approval respectfully submitted.

JOHN B. PAGE,

Rutland, Vt., July 31, 1879.

*President.*

AN EXTRACT FROM THE RECORDS OF THE COMPANY CONCERNING THE ACTION OF THE DIRECTORS IN REPLY TO A LETTER ADDRESSED TO THEM BY GEORGE B. CHASE.

Before quoting from the Records it may be said in explanation that at a meeting of the Directors of the Company held at Rutland, Vt., July 31, 1879, present John B. Page, E. A. Birchard, Jacob Edwards, George W. Gill, Edward S. Moseley, James W. Hickok and James H. Williams, a letter from Mr. Geo. B. Chase concerning an alleged falsification of the Records came up for discussion, and the President submitted the following statement which was on motion *unanimously* approved by the Board and ordered of record.

At that time it was understood that Mr. Chase's letter had not been generally circulated, and it was not deemed necessary to make the action of the Board public. This letter having, however, been subsequently quite extensively distributed, and assailing as it does the integrity of the officers of the Company, and tending to impair the credit of the Corporation, it is thought proper to lay before you the following extract from the records of the Board containing the President's statement above referred to :

“GENTLEMEN :—Before presenting the annual statement I desire to call your attention to a pamphlet recently published by Geo. B. Chase, entitled ‘A letter to the Directors of the Rutland Railroad Company, concerning an alteration of their records.’ In this pamphlet Mr. Chase challenges the truth of the record of the special meeting of the Board, April 9, 1872, ‘declares the record false,’ and ‘demands that the false record be expunged.’

This public impeachment of our records cannot be passed over in silence.

At the annual meeting held at Rutland July 28, 1875, in consequence of remarks made by Mr. Goodwin of Lowell, in regard to the annual meeting for 1872, and the ‘little pamphlet’ prepared by Mr. Chase—the President said that he had rested under a false imputation in the minds of some in connection with what transpired at that meeting—the truth had been but partially presented to the stockholders, (the Directors having fully investigated the whole

matter) and he desired the clerk to read the minutes of the Board on that subject. The clerk then read from the original files the minutes of a meeting of the Board held April 9, 1872. These minutes thus became a part of the proceedings of the annual meeting of 1875, and were very properly so recorded. Why they were not before recorded will appear on the face of the proceedings. They were as follows :

‘At the meeting of the directors of the Rutland railroad company, held at Young’s hotel, in Boston, on the evening of April 9, 1872, present John B. Page, Peter Butler, George B. Chase, J. H. Williams, Lawrence Barnes, and D. N. Skillings, the subject of the differences between the president and Mr. Chase being under consideration, in view of the effect upon the corporation in consequence of the published speech and statements of Mr. Chase at the annual meeting and elsewhere ; after a full hearing of Messrs. Chase and Page, and an examination of the trial balance, correspondence and bills payable outstanding on the 25th of July, 1871, the directors present other than the parties interested, were unanimous in the following result :

First. That the charge of concealment made by Mr. Chase was an afterthought, it appearing by the correspondence that that charge was not made or suggested to Mr. Page until several months after Mr. Chase acknowledged he had a full and accurate statement of the affairs of the company.

Second. It appeared that Mr. Chase had a knowledge of the floating debt when he was appointed president *pro tem.* in July, 1871, and for that reason urged his own appointment to that office upon the President, Mr. Page.

Third. The speech of Mr. Chase was not necessary, and many of his statements are not warranted by the existing facts.

Fourth. The speech and statements referred to have been very injurious to the interests of the corporation ; and,

Fifth. These statements having been publicly made and tending to affect the standing of Mr. Page and the interests of the corporation, there seems to be due from Mr. Chase a public avowal of errors in the statements above referred to in justice to all interests.

[Signed,]

J. H. WILLIAMS,

Clerk of the Board.



The foregoing record of the special meeting of April 9, 1872, is furnished to Mr. Page with the remark, that if at a proper time Mr. Chase does not act under the fifth clause, it seems to be due Mr. Page that the same should be given to the public.

[Signed,]

J. H. WILLIAMS,

Clerk of the Board.

'I was not present at the hearing on the 9th April, 1872, but I have examined all the papers and heard Mr. Chase's speech delivered and fully concur with the foregoing.

E. A. BIRCHARD.'

The above resolutions appear on the record book only by these words of reference, viz.:

"See proceedings on file," in the handwriting of the Clerk.

This is a common and appropriate method touching matters not strictly entitled to be recorded—and these were such.

Now it appears from this record that Mr. Chase was present at this meeting and heard in his own defense—that in the judgment of every one of his associates on the Board he was in the wrong, and a public avowal of errors in his statement was due from him.

It is also apparent that while the Board were unanimous in their condemnation of Mr. Chase, yet owing to the critical position of the corporation at that time, to their desire for future harmonious action of the Board, and to their hope that Mr. Chase would act reasonably under the fifth article, they desired not to make public this condemnation at that time, or at any time, unless absolutely necessary to the ends of truth and justice, by spreading it upon their records.

The minutes were given to the President with express authority to make them public if necessary in self defense,—and for this purpose they were very properly made public at the annual meeting of 1875, and recorded.

A careful reading of pages 22 and 23 of Mr. Chase's pamphlet will satisfy any person that the meeting certified to by Mr. Williams did take place. The whole of those pages are an admission of it.

He says 'the meeting was not a special meeting as certified to.'

'Although the grave differences between Mr. Page and himself were brought up and discussed,' etc., "there was no full hearing.'

'There was no examination of the trial balance.'

'Extracts from two of his letters, written July, 1871, were read and commented on to the utter perversion of their meaning.'

'The Directors present were not unanimous in the alleged result, etc., etc.

This meeting, discussion and hearing on the subject being thus admitted by Mr. Chase, and also his presence at the meeting, thereby disposing of his pretence that he never had any knowledge of these proceedings, the only question is whether the minutes of the Clerk, made at the time and certified to by him, are to be believed as to what actually transpired at the meeting, or the unsupported assertion of Mr Chase?

The Clerk who made the record in question is the Hon. J. H. Williams of Bellows Falls; a gentleman who by a long life of integrity and faithfulness in the discharge of many important trusts, has won an enviable reputation wherever he is known in the States of Vermont, New Hampshire and Massachusetts. He has been (for many years) President of the Bank of Bellows Falls, one of the best managed and most successful banks in New England, and is now a Director of the Cheshire Railroad. His record, made at the time and duly certified to, is entitled to implicit credence and will certainly have it.

The minute made on the record by Mr. Birchard, the only absent member, while the subject was fresh in all minds—that he was not present at the meeting but concurred in the action of the Board—confirms the record with singular force.

The record also states the names of four other Directors besides Mr. Chase and himself who were present at this meeting. Now if this record were, as Mr. Chase asserts, absolutely false, would not these gentlemen, or some of them, know it and unite with Mr. Chase in saying so? Most assuredly they would. The trouble with Mr. Chase's case is that these gentlemen all know that the record is true. The unsupported assertion of Mr. Chase cannot change the truth into a lie.

The result of this matter is that there has been no falsification of the records of this Company; no alteration and no interpolation of them as charged by Mr. Chase, and of course there should be no expunging from the records, at his demand.

There are many other allegations of Mr. Chase in this pamphlet in respect to the President of the Company, which have as much foundation in fact as his assault upon its records, and no more.

And here, gentlemen, I desire to say to you that, in the management of the finances of your Company in critical periods, I have exercised only a proper degree of caution and discreet reserve. I believe these qualities are absolutely necessary for the successful conducting of important interests.

There is another question of vastly more importance to you and to me, viz.: whether I have ever appropriated the funds of this corporation, or enlarged its debt, for private or corrupt uses? This pamphlet is evidently animated by intense personal hostility to me, but it neither charges nor intimates any such thing.

Mr. Chase was Director of the Company from 1867 to 1873—part of the time its financial agent, and President *pro tem*, and had opportunity to know about these matters. On page 56 he says :

‘I am asked the cause of our debt. There are several. Underneath them, however, lies one,—the daring policy of the President, so steadily pursued, refusing confidence to the directors, by which the gross earnings of the road almost tripled in eight years, its power and influence as a rival becoming so formidable that a rental was gladly paid which, for the present year, exceeds the entire receipts of the road but nine years since. It left, however, the extraordinary debt, which, after the President’s departure for Europe, on investigation, confronted the directors of the road. That debt now stares us in the face; but the lease remains, and supplies us with means for its rapid reduction and payment.’

The charge of concealment so persistently urged by Mr. Chase is absolutely without foundation, as can be readily shown from the published reports of the Company and from his own statements.

The balance sheet of the Company of December 31, 1870, laid before the stockholders at the annual meeting in January, 1871, and afterwards published, contained the following items, viz. :

|                                 |              |
|---------------------------------|--------------|
| Bills payable, .....            | \$716,562 50 |
| Balance accounts payable, ..... | 104,621 19   |
|                                 | <hr/>        |
|                                 | \$821,183 69 |

|                                                                                                                                |                |
|--------------------------------------------------------------------------------------------------------------------------------|----------------|
| Under stipulation of March 23, 1870, with trustees of<br>1st mortgage R. & B. bonds, there was due said<br>trustees, . . . . . | \$1,828,092 53 |
| Paid them to December 31, 1870, . . . . .                                                                                      | 989,000 00     |
| Balance due and paid January 1, and January 21, 1871, \$839,092 53                                                             |                |
|                                                                                                                                | <hr/>          |
|                                                                                                                                | \$1,660,276 22 |
| Less cash on hand December 31, 1870 . . . . .                                                                                  | 301,027 14     |
|                                                                                                                                | <hr/>          |
| Amount of floating debt outstanding Jan. 21, 1871, ..                                                                          | \$1,359,249 08 |
| Add amount expended during 1871, building Addison<br>Railroad. . . . .                                                         | 181,183 90     |
|                                                                                                                                | <hr/>          |
|                                                                                                                                | \$1,540,432 98 |

This sum is the studiously concealed debt of Mr. Chase's pamphlet. On page 45, Mr. Chase says: '4,000 shares of preferred stock were marked off to Gov. Page and myself for \$400,000, *borrowed* by us to clear the road of Cheever & Hart's claims.' According to his own statement, then, the floating debt of the Company in January, 1871, must have been \$1,221,183.19. It will be noticed that a large proportion of this debt was incurred paying the first mortgage bonds and accrued interest. The charter contemplated and the votes of the stockholders expressly authorized the issue of stock to provide for the payment of these bonds. \$1,374,900 was realized from sales of stock, and but for the unwise action of Mr. Chase, the balance of the stock would have been placed, a 7 per cent. dividend being secured by the rentals paid by the lessors, the proceeds of which with other assets detailed in my report of 1872, would have practically extinguished the debt.

JOHN B. PAGE,

Rutland, Vt., July 31, 1879.

*President."*